



FISCAL MEMORANDUM

SB 955 - HB 1286

February 25, 2023

SUMMARY OF BILL AS AMENDED (004289): Requires the Department of Treasury Investment Division staff, under supervision of the State Treasurer, to invest, reinvest, manage, and select investment options for a program's assets for financial reasons for the exclusive benefit of the beneficiaries of the program, while maximizing long-term shareholder value. Requires the State Treasurer to, impartially and solely in the interests of the beneficiaries of the program, exercise all voting rights, in person or by proxy, with respect to securities held by a program. Provides the State Treasurer final authority over an investment or proxy voting decision for a program. Defines program as either a trust fund, an endowment fund, a deferred or tax-sheltered compensation plan, a program under the *Tennessee College Savings Trust Act*, or a program under *The Achieving a Better Life Experience Act*.

Authorizes the State Treasurer to enter into contracts and agreements with advisors, research providers, consultants, and other contractors to assist in making decisions about a program. Authorizes the State Treasurer, with the approval of the Attorney General and Reporter, to contract with additional legal counsel to advise on issues concerning the State Treasurer's fiduciary obligations and responsibilities, including the investment, reinvestment, management, and selection of investment options for a program's assets. Requires the additional counsel, and any other individuals the State Treasurer works with, to be paid compensation for services as the State Treasurer deems just.

FISCAL IMPACT OF BILL AS AMENDED:

Other Fiscal Impact – Any increase in state expenditures, if any, cannot be quantified with reasonable certainty.

Assumptions for the bill as amended:

- Authorizing the Department of Treasury Investment Division staff to have authority over investing and managing a program's assets to maximize long-term shareholder value will not have a significant fiscal impact on state or local revenue.
- Authorizing the State Treasurer to contract with outside legal counsel, advisors, research providers, or consultants to advise on issues concerning the State Treasurer's fiduciary obligations and responsibilities may result in expenditures that would not be incurred under current law, if the State Treasurer opts to enter into such contracts.

- However, due to multiple unknown variables, such as the number of contracts the Treasurer may enter into and the timing and terms of such contracts, the precise increase in state expenditures cannot be quantified with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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